



J. TYLER McCAULEY  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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December 13, 2005

TO: Mayor Michael D. Antonovich  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe

FROM:

J. Tyler McCauley  
Auditor-Controller

*Maria Qui*  
for

SUBJECT: **COUNSELING AND RESEARCH ASSOCIATES, DBA MASADA  
HOMES CONTRACT REVIEW**

We have completed a contract compliance review of Counseling and Research Associates, dba Masada Homes (Masada or Agency), a Department of Mental Health Services (DMH) service provider. The Auditor-Controller's Countywide Contract Monitoring Division conducted the review.

**Background**

DMH contracts with Masada, a private, non-profit, community-based organization, which provides services to children and their parent(s) in Service Planning Area number eight. Services include interviewing program participants, assessing their mental health needs, and developing and implementing a treatment plan. Our review focused on the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program, which is Medi-Cal's comprehensive and preventive child health program for individuals under the age of 21. Masada's EPSDT billable services include Targeted Case Management Services (TCMS), Mental Health Services (MHS), Therapeutic Behavioral Services (TBS), and Medication Support Services. Masada's headquarters is located in the Fourth District.

For our review period, DMH paid Masada between \$1.56 and \$3.56 per minute of staff time (\$93.60 to \$213.60 per hour). For Fiscal Year 2004-05, DMH contracted with Masada to provide approximately \$6.4 million in EPSDT funded services.

*"To Enrich Lives Through Effective and Caring Service"*

### **Purpose/Methodology**

The purpose of the review was to determine whether Masada provided the services outlined in their contract with the County. We also evaluated whether the Agency achieved planned service levels. Our monitoring visit included a review of a sample of Masada's billings, participant charts, and personnel and payroll records. We also interviewed staff from Masada and interviewed a sample of the participants' parents or guardians.

### **Results of Review**

Masada used qualified staff to perform the services billed, and the participants' parents or legal guardians interviewed stated the program services met their expectations. However, we noted several areas where the Agency can improve its compliance with the County contract requirements.

The Agency did not sufficiently document 2,471 (32%) of the 7,659 service minutes sampled. For example, for 1,106 minutes sampled, the Agency did not describe in the participants' progress notes the services provided and/or how the services relate back to the Service Plan goals, as required by the County contract. For 1,075 minutes sampled, the Agency did not document the activity/procedure code on the progress note.

In addition, Masada did not track the hours that staff actually worked. Part time employees did not complete timecards and full-time, salaried staff did not record actual hours worked on their timecards. In order to effectively monitor the time billed to DMH, Masada must track the staff's actual hours worked. Subsequent to our review, Masada management implemented a policy requiring all staff to complete a timecard and report actual hours worked. Management should monitor staff's compliance with their new policy.

The details of our review, along with recommendations for corrective action, are attached.

### **Review of Report**

We discussed the results of our review with Masada on November 2, 2005. In their attached response, Masada indicates the corrective actions it has already taken and plans to take in order to address the recommendations in our report.

We thank Masada management for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer  
Dr. Marvin J. Southard, Director, Department of Mental Health  
George Igi, Director, Counseling and Research Associates, dba Masada Homes  
Public Information Office  
Audit Committee

**COUNTYWIDE CONTRACT MONITORING REVIEW  
EARLY AND PERIODIC SCREENING, DIAGNOSTIC, AND TREATMENT PROGRAM  
FISCAL YEAR 2004-2005  
COUNSELING AND RESEARCH ASSOCIATES, DBA MASADA HOMES**

**BILLED SERVICES**

**Objective**

Determine whether Counseling and Research Associates, dba Masada Homes (Masada or Agency) provided the services billed in accordance with their contract with DMH.

**Verification**

We selected 7,659 minutes from 264,223 service minutes that Masada billed DMH for September 2004 and reviewed the progress notes and Client Plans maintained in the clients' charts. The 7,659 minutes represent services provided to 45 program participants as reported by the Agency. Although we started our review in April 2005, the most current billing information available from DMH's billing system was September 2004.

**Results**

The Agency did not sufficiently document 2,471 (32%) of the 7,659 service minutes sampled. Specifically, Masada did not comply with the County contract for the following:

- For 1,106 minutes sampled, the Agency did not describe in the participants' progress notes the services provided and/or how the services relate back to the Service Plan goals.
- For 1,075 minutes sampled, the Agency did not document the activity/procedure code on the progress note.
- For 665 minutes sampled, the Agency billed for more than one staff present during an intervention but the progress notes did not describe the specific contribution of each staff person.

The total number of insufficiently documented minutes cited above exceeded the number of insufficiently documented minutes reviewed because some of the progress notes contained more than one deficiency.

Masada also did not provide documentation to support 130 minutes billed and billed DMH twice for the same services (135 minutes). The undocumented minutes and the duplicated minutes billed totaled \$533.

Client Plans

Generally, Masada completed their Client Plans in accordance with the County contract. For 43 (96%) of the 45 Plans, Masada appropriately completed the Client Plans. For the remaining two Plans, the participants or legally responsible adults did not sign the Plans, as required. Masada needs to ensure that the participants and/or legally responsible adults sign the participants' Client Plans or document the reasons why they did not sign them.

Therapeutic Behavioral Services (TBS)

TBS is an intensive, short-term service that supplements other mental health services by addressing target behaviors or symptoms caused by a stressful transition or life crisis. In addition, TBS includes training provided to the participants' caregivers.

Masada appropriately developed TBS services plans for the 10 TBS clients that we selected. However, for seven (70%) of the 10 TBS clients, Masada's therapists did not document their assistance and training to the participants' caregivers.

Recommendations**Masada management:**

1. **Maintain sufficient documentation to support its compliance with contract requirements.**
2. **Repay DMH \$533 for the amount over billed.**
3. **Ensure that the participants or legally responsible adults sign the participants' Client Plans or document the reasons why they did not sign them.**
4. **Ensure that TBS staff document their assistance and training to the participants' caregivers.**

**CLIENT VERIFICATION****Objectives**

Determine whether the program participants actually received the services that Masada billed DMH.

**Verification**

We selected a sample of eight program participants that had open cases in the DMH billing system to interview their parent or guardians to confirm that the participants received the services that the Agency billed DMH in September 2004.

**Results**

At the time of our interviews in May 2005, two participants moved and did not leave forwarding addresses or telephone numbers. Masada did not bill DMH for services beyond the date both participants left the program. One participant's parent did not wish to participate in our interview.

The remaining five (63%) parents or guardians interviewed stated that the participants were clients of Masada and were satisfied with the services that the Agency provided to their children. However, the Agency should maintain current contact information for all of its clients and close cases in the DMH Information System when it appears that the client will no longer receive planned services.

**Recommendation**

5. **Masada management maintain current contact information for all of its clients and close cases in the DMH Information System when it appears that the client will no longer receive planned services.**

**STAFFING LEVELS**

The objective of this section is to determine whether the Agency maintained the appropriate staffing ratios for Day Rehabilitation and Day Treatment programs.

We did not perform test work in this area since the Agency does not have a Day Rehabilitation or Day Treatment program.

**STAFFING QUALIFICATIONS****Objective**

Determine whether Masada's treatment staff possessed the required qualifications to provide the services.

**Verification**

We reviewed the personnel files for 27 of 92 Masada treatment staff for documentation to support their qualifications.

**Results**

Each staff person possessed the required qualifications to deliver the services billed.

**Recommendation**

**There are no recommendations for this section.**

**SERVICE LEVELS****Objective**

Determine whether Masada's reported service levels for Fiscal Year (FY) 2004-05 did not significantly vary from the service levels identified in the DMH contract.

**Verification**

We obtained a report of EPSDT billings from the State Explanation of Balances data for FY 2004-05 and compared it with the Agency's total EPSDT contracted level of service identified in the contract for the same period.

**Results**

The Agency's actual service levels did not significantly vary from its overall contracted service level of \$6.4 million. However, within specific service categories, the Agency provided \$580,000 (39%) less TBS and \$100,000 (88%) less Crisis Intervention service than contracted. During the same period, Masada exceeded its contracted amount of Targeted Case Management Services (TCMS) by \$600,000 (205%). The Agency did not receive written authorization from DMH to change the types of service provided identified in their County contract.

**Recommendation**

- 6. Masada management obtain written authorization before making substantial deviations from the planned services described in the contract.**

**BILLING PRACTICES**

Masada pays bonuses to full-time staff that exceed their targeted billing levels and pays its part-time and contract staff a higher hourly rate for billable hours than non-billable hours. Although the County contract does not prohibit this practice, the Agency's bonus plan creates an incentive for staff to over report their actual service hours.

For a sample of 20 employees, we attempted to reconcile the number of hours they billed for two pay periods to the hours they reported on their timecards during this same

timeframe. However, the Agency's part-time employees do not complete timecards and full-time, salaried staff do not record actual hours worked on their timecards. In addition, staff do not always report billable hours on the day the hours were worked. For example, staff may spend time over several days to complete an assessment for a client. However, rather than report billable time spent on each day, the staff would report the total time spent completing the assessment on the date the assessment was completed. The County contract requires staff to report the billable time on the date that the services were provided to the clients.

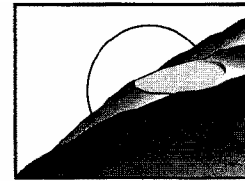
Subsequent to our review, Masada management implemented a policy requiring full-time and part-time staff to complete a timecard to report actual hours worked. Management should monitor staff's compliance with their new policy.

### **Recommendations**

#### **Masada Management:**

- 7. Ensure that staff report their billable time on the date that the services were provided.**
- 8. Monitor staff compliance with its new policy requiring all staff to record actual hours worked on their timecard.**





MASADA  
HOMES

... building a foundation

A Division of Counseling & Research Associates

November 30, 2005

J. Tyler McCauley  
Auditor-Controller  
County of Los Angeles  
Department of Auditor-Controller  
Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 525  
Los Angeles, CA 90012-2766

Dear Mr. McCauley,

The following is a response to the EPSDT Contract Compliance review performed by your office for mental health services performed by Masada Homes during the month of September, 2004.

Before addressing each of your recommendations individually, I would like to make a few general statements. First, we truly appreciated the professionalism and cooperative spirit of the individuals who performed the contract review, and the technical assistance they provided to us during the exit conference. The overall experience has served to help us focus on areas needing improvement.

Secondly, I would like to mention that the month selected for this review was a period of transition for Masada Homes. We "unbundled" our Day Rehabilitation Program in August of 2004, converting to an outpatient model which entails a substantial increase in documentation. Additionally, our Agency transitioned from the DMH Management Information System (MIS) to the Integrated System (IS) in October of 2004, after several postponements initiated by DMH. This transition entailed training staff on the use of the new procedure codes in place of activity codes and the introduction of revised forms.

We have taken the recommendations made by your team seriously, and have implemented corrective actions as outlined below:

1. *Masada management maintain sufficient documentation to support its compliance with contract requirements.*

The largest category of documentation deficiencies noted in this section was that for 1,075 minutes of 7,659 minutes sampled (14%), the Agency did not document the activity/procedure code on the progress note. All of these cases were the result of a single clinician (our consulting psychiatrist) failing to circle the procedure code on the newly-introduced progress note form. In the future, all of the psychiatrist's notes will be reviewed for clerical errors by the clerical staff before billing is submitted to the accounting department.

For all of the other findings related to documentation, we have implemented additional staff training, intensive review of documentation by supervisors, and increased staffing of our Quality Improvement Department to target areas of concern.

2. *Masada management repay DMH \$533 for the amount overbilled.*  
Masada Homes will repay DMH for the \$533 for the amount overbilled.
3. *Masada management ensure that the participants or legally responsible adults sign the participants' Client Plans or document the reasons why they did not sign them.*  
The reviewers found that, while all 45 plans reviewed were appropriately completed, two of them did not have the signatures of the participants or the legally responsible adults. Masada management has provided additional training to all clinicians regarding the importance of signatures on the Client Plans. In cases where the client and/or legally responsible adult refuses or is unable to sign, the clinician will appropriately document the reason. Supervisors are responsible for ensuring that clinicians follow this practice.
4. *Masada management ensure that TBS staff document their assistance and training to the participants' caregivers.*  
Masada management has provided extensive training to all TBS staff regarding the need to provide support, training and assistance to the caregivers of TBS clients, and to document these services in the progress notes. This issue will be addressed at least quarterly in ongoing mandatory staff training sessions. In addition, the need for documentation of caregiver participation is reviewed in supervision.
5. *Masada management maintain current contact information for all of its clients and close open cases in the DMH Information System when it appears that the client will no longer receive planned services.*  
Masada managers will use the Integrated System Report IS 180 (Open Cases Not Receiving Treatment for 60+ Days) to identify cases that have not been closed in a timely manner, and will follow up with appropriate staff to ensure that the episodes are closed. Newly hired Quality Improvement personnel are responsible monitoring this process.
6. *Masada management obtain written authorization before making substantial deviations from the planned services described in the contract.*  
The review found that Masada deviated from the projected services levels proposed in the Negotiation Package. In the future, Masada will attempt to obtain written authorization from DMH to amend the projected service levels to meet the actual service needs of the clients.
7. *Masada management ensure that staff report their billable time on the date that the services were provided.*

Masada management has provided mandatory training to all clinicians clarifying this policy. Billing for assessment interviews and the writing of assessment reports will be billed on separate days if services are provided on different days. Quality Improvement staff will monitor compliance with this policy.

8. *Masada management monitor staff compliance with its new policy requiring all staff to record actual hours worked on their timecard.*  
This new policy is in place and is being actively monitored by supervisors.

Additional comments:

The report notes two practices which the reviewers felt might create an incentive for staff to over-report actual service hours: the practice of providing a bonus to clinicians who exceed productivity standards, and the practice of paying staff a higher hourly rate for direct service than for staff meetings, supervision and training. Although no recommendations were made regarding these two issues, Masada suspended both practices as of November 1, 2005. Outstanding productivity by clinicians will be acknowledged within the context of annual performance evaluations. In addition, staff meetings, training and supervision are now reimbursed at the same rate as billable service hours.

While we do not believe that either of these practices encouraged staff to over-report billable service hours, we wish to avoid any business practices that may cause an auditor concern.

We thank you for this opportunity to respond to your report.

Sincerely,



George K. Igi, L.C.S.W.  
Executive Director  
Masada Homes